

Department of Environmental Quality

Analyst: Sepich

Historical Summary

OPERATING BUDGET	FY 2020 Total App	FY 2020 Actual	FY 2021 Approp	FY 2022 Request	FY 2022 Gov Rec
BY PROGRAM					
Administration and Support	8,863,500	8,267,000	9,258,700	10,241,100	10,201,900
Air Quality	14,782,300	8,210,200	11,061,600	11,218,800	11,172,400
Water Quality	23,514,700	21,249,900	26,946,200	25,959,000	25,841,200
CDA Basin Commission	531,400	196,400	281,500	300,000	299,000
Waste Mgmt and Remediation	18,559,500	12,378,000	16,918,900	20,064,200	20,025,400
INL Oversight	2,175,000	1,285,500	2,193,800	2,222,000	2,215,900
Total:	68,426,400	51,587,000	66,660,700	70,005,100	69,755,800
BY FUND CATEGORY					
General	22,323,300	22,003,300	22,215,700	22,513,000	22,388,500
Dedicated	17,359,000	8,112,000	15,699,800	18,815,400	18,773,200
Federal	28,744,100	21,471,700	28,745,200	28,676,700	28,594,100
Total:	68,426,400	51,587,000	66,660,700	70,005,100	69,755,800
Percent Change:		(24.6%)	29.2%	5.0%	4.6%
BY OBJECT OF EXPENDITURE					
Personnel Costs	35,071,900	31,381,400	35,358,200	36,466,900	36,217,600
Operating Expenditures	25,153,000	12,266,700	20,482,600	20,062,200	20,062,200
Capital Outlay	352,500	415,300	103,200	2,300,000	2,300,000
Trustee/Benefit	7,849,000	7,523,600	10,716,700	11,176,000	11,176,000
Total:	68,426,400	51,587,000	66,660,700	70,005,100	69,755,800
Full-Time Positions (FTP)	389.00	389.00	379.00	379.00	379.00

Department Description

The Legislature created the Department of Environmental Quality (DEQ) in the public's interest, "to protect human health and the environment as its sole mission" (Section 39-102A, Idaho Code). The department is organized into six budgetary programs.

Administration and Support Services develops policies, legislation, and rules for permitting and regulatory programs; promotes public understanding of environmental issues and solicits public input; assesses program effectiveness in improving water and air quality; and services DEQ internal support needs.

The Air Quality Program addresses compliance with federal and state health-based air quality standards by monitoring air quality and collecting data; developing and issuing permits; and coordinating air quality improvement efforts made by communities, citizen groups, businesses, industries, and governmental agencies.

The Water Quality Program develops strategies to prevent, protect, and remediate areas from pollution so as to maintain or improve water quality. The program protects human health and biological integrity through watershed, drinking water, ground water, wastewater permitting, and grant and loan activities.

The Coeur d'Alene Basin Project Commission (Section 39-8104, Idaho Code) coordinates natural resource restoration to address heavy metal contamination caused from upstream mining operations.

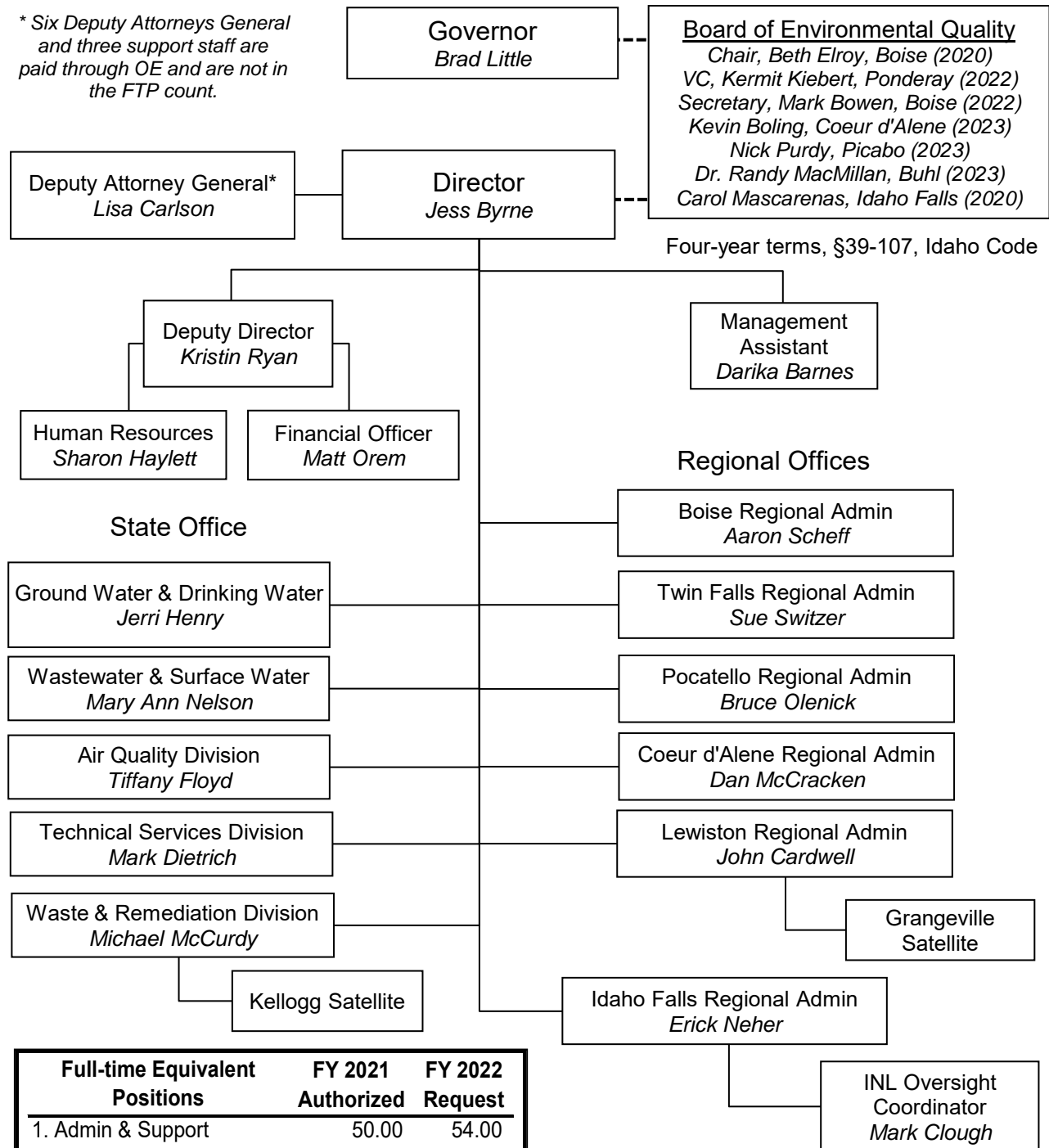
Waste Management and Remediation is responsible for ensuring that solid wastes are managed and disposed of in a manner protective of human health and the environment. The program responds to existing releases of hazardous substances and works with active mines to ensure that best management practices are followed.

The primary responsibility of the Idaho National Laboratory (INL) Oversight Program is to independently monitor INL operations and document transportation of radiological materials along transportation corridors. The objective is to protect Idaho's land, air, water, wildlife, and public health from nuclear releases.

Department of Environmental Quality Organizational Chart

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* Six Deputy Attorneys General
and three support staff are
paid through OE and are not in
the FTP count.



Full-time Equivalent Positions	FY 2021 Authorized	FY 2022 Request
1. Admin & Support	50.00	54.00
2. Air Quality	73.25	73.25
3. Water Quality	165.00	169.00
4. CDA Basin Commission	2.00	2.00
5. Waste Mgmt & Rem	77.25	70.25
6. INL Oversight	11.50	10.50
Total	379.00	379.00

Part I – Agency Profile

Agency Overview

The Idaho Department of Environmental Quality (DEQ) was established by the Environmental Protection and Health Act, Chapter 1, Title 39, Idaho Code, to protect human health and the environment. As the state's environmental regulatory agency, DEQ is responsible for implementing and enforcing delegated federal programs under the Clean Air, Clean Water, Safe Drinking Water, and Resource Conservation and Recovery Acts, as well as many state environmental laws and rules. This regulatory responsibility covers a broad range of activities to ensure Idaho's air, water, land, and Idaho citizens are protected from the adverse impacts of pollution.

The Environmental Protection and Health Act also established the Board of Environmental Quality. The board is the administrative body charged with making decisions on rules proposed by the department to carry out provisions of the act and to enforce state environmental laws. DEQ drafts rules with assistance from the Office of the Attorney General following a negotiated rulemaking process involving interested stakeholders. Rules may be adopted, amended, or repealed by the board. All administrative rules adopted by the board are subject to legislative review. The board also functions as the agency's administrative appeals board. Decisions of the agency can be appealed to the board, which may choose to hear the case or designate a hearing officer. Final determinations of the board are subject to judicial review.

To protect human health and the environment, DEQ's primary activities include monitoring, permitting, conducting inspections, performing remediation, and providing a wide range of oversight, technical assistance, and outreach.

- Environmental monitoring is performed to assess conditions and ensure health-based standards are met.
- Permits are issued to facilities that manage wastes or release pollutants to limit discharges to safe levels.
- Inspections of pollution sources are conducted and complaints are investigated to ensure compliance with environmental regulations and standards. When necessary, enforcement action is taken.
- Remediation is conducted to remove or neutralize contaminants in soil, ground water, and surface waters. Compliance with remedial activities is typically voluntary, but when necessary, enforcement action is taken.
- Oversight is maintained for a variety of projects including environmental cleanups, pollution reduction efforts, and drinking water and wastewater infrastructure improvements.
- Technical support, outreach, and education are offered to facilitate compliance with environmental requirements for air quality, water quality, and waste management and remediation.

DEQ works closely and collaboratively with a wide range of public and private partners including the legislature; the Board of Environmental Quality; federal and state agencies; city, county, and tribal governments; businesses; community organizations; and citizens. These partnerships are critical to accomplishing the agency's mission.

DEQ's headquarters in Boise is organized into five divisions focused on developing and administering programs and policies, providing technical support to the divisions and regions, and providing agency-wide administrative support. The divisions include Air Quality, Surface Water and Wastewater, Drinking Water and Finance, Waste Management and Remediation, and Technical Services.

Day-to-day, on-the-ground agency services are provided by six regional offices located in Boise, Coeur d'Alene, Idaho Falls, Lewiston, Pocatello, and Twin Falls. DEQ also maintains a smaller satellite office in Kellogg. Regional and satellite offices are charged with implementing agency programs and policies and providing direct services to citizens, communities, businesses, and industries.

Core Functions/Idaho Code

DEQ's core functions and regulatory authorities are summarized below, followed by a table detailing the department's revenues and expenditures for the past four fiscal years.

- **Air Quality:** DEQ ensures compliance with federal and state health-based air quality standards by collecting air quality information, monitoring, developing and issuing permits, conducting inspections at facilities, responding to complaints, and coordinating air quality improvement efforts among communities, citizen groups, businesses, industries, other state agencies, tribes, and the US Environmental Protection Agency (EPA) (Title 39, Chapter 1, Idaho Code; Clean Air Act).
- **Water Quality:** DEQ protects the surface and ground waters of the state to support beneficial uses and provide safe drinking water supplies by setting water quality standards, certifying project compliance with standards, monitoring, reporting on water quality, developing and implementing improvement plans, issuing wastewater reuse and direct discharge permits, and providing grants and loans for constructing drinking water and wastewater treatment facilities (Title 39, Chapters 1, 36, 66, 76, 79, 85, Idaho Code; Title 37, Chapter 21, Idaho Code; Title 50 Chapter 13 Idaho Code; Clean Water Act).
- **Waste Management and Remediation:** DEQ ensures management and disposal of waste generated in or entering Idaho is conducted in a manner protective of human health and the environment. DEQ responds to releases of hazardous substances to surface waters, ground waters, or soils and conducts, oversees, and negotiates cleanups of contaminated sites. DEQ works with communities to rehabilitate contaminated sites to return them to a safe and developable condition (Title 39, Chapters 1, 30, 44, 58, 65, 71, 72, 74, 81, 88, Idaho Code; Resource Conservation and Recovery Act; Comprehensive Environmental Response, Compensation, and Liability Act).
- **INL Oversight:** DEQ oversees activities at the Idaho National Laboratory (INL) to ensure compliance with legal agreements and environmental regulations for waste treatment, remediation, and removal. DEQ maintains an independent environmental monitoring program designed to verify and supplement monitoring programs carried out by the INL. Working with other state agencies, DEQ assists local governments statewide in planning and responding to emergencies involving radiological materials. DEQ also routinely informs the public about INL activities impacting Idaho's environment (Title 39, Chapter 1, Idaho Code).

Revenues and Expenditures

Revenue	FY 2017	FY 2018	FY 2019	FY 2020
Air Quality Permitting	\$1,110,118	\$931,006	\$1,126,068	\$793,865
Public Water System Oversight	\$1,627,025	\$1,651,657	\$1,620,766	\$1,747,254
Water Pollution Control	\$4,810,218	\$4,829,865	\$4,823,587	\$4,823,194
Environmental Remediation	\$1,869,668	\$1,970,968	\$2,110,912	\$2,081,704
Cooperative DEQ-Federal	\$24,536,640	\$20,838,643	\$23,280,316	\$21,414,464
Cooperative DEQ-General	\$17,908,000	\$19,621,100	\$20,751,696	\$22,013,564
Cooperative DEQ-Other	\$2,342,849	\$1,921,310	\$2,115,232	\$4,268,183
Bunker Hill Consent Decree	\$480,546	\$568,222	\$179,326	\$287,571
Underground Storage Tank Fees	---- ^a	---- ^a	\$196,085	\$198,558
Idaho Pollutant Discharge Elimination System	---- ^b	--- ^b	--- ^b	\$764,771
Total	\$54,685,064	\$52,332,771	\$56,203,988	\$58,393,128
Expenditures	FY 2017	FY 2018	FY 2019	FY 2020
Personnel Costs	29,859,100	\$30,425,221	\$30,856,108	\$31,381,508
Operating Expenditures	13,209,200	\$12,234,514	\$13,397,042	\$12,333,133
Capital Outlay	640,700	\$475,410	\$542,398	\$414,156
Trustee/Benefit Payments	7,558,500	\$5,880,173	\$6,368,776	\$7,202,156
Total	51,267,500	\$49,015,318	\$51,164,325	\$51,330,953

a. FY 2019 is the first year DEQ has received this revenue source.

b. FY 2020 is the first year DEQ has received this revenue source.

Profile of Cases Managed and/or Key Services Provided

The following table summarizes some of the key services DEQ provides to communities, businesses, industries, and the citizens of Idaho.

Cases Managed and/or Key Services Provided	FY 2017	FY 2018	FY 2019	FY 2020
Air Quality Division				
Air Quality Permits to Construct Issued	89	90	72	70
Air Quality Tier I (Title V) Permits Issued	15	15	18	13
Air Quality Tier II Permits Issued	1	1	1	1
Air Quality Permits by Rule Issued	---- ^a	---- ^a	26	40
Inspections of Stationary and Portable Air Pollution Sources	193	125	197	212
Number of Crop Residue Acres Approved and Burned	41,411	34,247	40,104	34,312
Water Quality Divisions				
Wastewater Grants Awarded	\$325,000	\$347,500	\$343,500	\$326,625
Wastewater Loans Awarded	\$18,305,461	\$66,972,863	\$53,423,000	\$65,765,815
Drinking Water Grants Awarded	\$331,172	\$398,958	\$248,935	\$339,250
Drinking Water Loans Awarded	\$6,165,007	\$21,015,156	\$6,058,650	\$62,679,141
401/404 Water Quality Certifications Issued	40	87	48	57
Wastewater Reuse Permits Issued	12	19	23 ^b	12 ^b
IPDES Direct Discharge Permits Issued	---- ^a	---- ^a	1	9
Total Wastewater Engineering Plan and Specification Reviews Completed	238	302	256	400
Total Drinking Water Engineering Plan and Specification Reviews Completed	279	296	409	470
Drinking Water Sanitary Surveys Completed	417	394	441	342 ^c
Source Water Assessments Completed	94	110	102	110
Active Nonpoint Source Projects Administered (Previous Calendar Year)	49	32	45	42
Nonpoint Source Projects Completed (Previous Calendar Year)	20	8	9	3
Beneficial Use Reconnaissance Program (BURP) Sites Surveyed	240	280	242	235
Waste Management and Remediation Division				
Leaking Underground Storage Tank Cleanups Completed	31	16	16	21
Underground Storage Tank Training and Inspections Completed	399	407	338	285
Hazardous Waste Inspections Conducted	95	102	111	85
Three-to-five-year inspections of municipal solid waste landfills completed (three are required)	---- ^a	---- ^a	6	2
Snake River Plain Environmental Samples Analyzed (for INL)	7,100	5,780	6,027	5,809
Pollution Prevention Technical Assistance Efforts	104	98	110	78

a. New key service—data are not available for FY 2016–FY 2018.

b. Loss of key staff statewide has affected these numbers. Seven major permit modifications have also been issued (EPA Performance Partnership Agreement)

c. The drop in surveys is due to COVID 19. From the end of quarter 3 through quarter 4, sanitary surveys were suspended by DEQ and the health districts.

Red Tape Reduction Act

The 2019 Red Tape Reduction Act (Executive Order 2019-02) required state agencies to review their administrative rules to identify costly, ineffective, duplicative, or outdated regulations. In January 2020, Governor Little repealed Executive Order 2019-02 and issued Executive Order No. 2020-1, Zero-Based Regulation, requiring agencies to justify every regulation they want to keep. Moving forward, every rule chapter in effect will be reviewed by DEQ, according to a staggered, 5-year schedule. About 20% of rule chapters will be reviewed annually. To reduce the number of chapters, words, and restrictive terms from our administrative rules in accordance with these executive orders, DEQ accomplished the following:

	As of July 1, 2019 ^a	As of July 1, 2020	Year-to-Date Reductions
Number of Chapters	24	23	1
Number of Pages	987	966	(21)
Number of Words	444,623	438,465	(6,158)
Number of Restrictions	6,888	6,739	(149)

a. DEQ adjusted its counting methodology in 2020 to more accurately represent changes to the rule chapters each year. The updated 2019 number is listed in this report.

Air Quality—The Air Quality Division removed some permitting sections already incorporated by reference of IDAPA 58.01.01 and is determining the best process to review all air quality rules under the new Executive Order 2020-1 Zero-Based Regulation.

Water Quality—In FY 2020, the Water Quality Divisions combined a rule chapter on cleaning septic tanks with rules on installing and permitting septic tanks, which reduced one chapter of rules and approximately three pages. The proposed combined chapter was approved by the DEQ Board in November 2019 and presented to the 2020 legislature becoming effective sine die 2020. The divisions are consolidating facility planning grant and revolving loan rule chapters. In May 2020, the Idaho Board of Environmental Quality considered deleting the “Rules for Administration of Wastewater Treatment Facility Grants” (IDAPA 58.01.04) and “Rules for Administration of Drinking Water Loan Program” (IDAPA 58.01.20) and merging relevant sections. The division initiated negotiated rulemaking to combine the four rule chapters for wastewater and drinking water facility grants and loans into two chapters (Dockets 58-0104-1901, 58-0112-1901, 58-0120-1901, and 58-0122-1901). Through simplification and consolidation, the two facility planning grant rule chapters will become a single chapter, and the two revolving loan rule chapters will become a single chapter. A negotiated rulemaking meeting is scheduled for August 27. The dockets will be introduced in the 2021 legislative session.

Waste Management and Remediation—The Waste Management Division evaluated the “Solid Waste Management Rules” (IDAPA 58.01.06) (Docket 58-0106-1901) for outdated, duplicative, and unnecessary language and held a negotiated rulemaking meeting on August 29, 2019. In May 2020, the revised rule was presented to and adopted by the Board of Environmental Quality. Revisions to the rule resulted in removal of 1,547 words, including 44 restrictive words, and decreased the rule length by 4 pages. The division is also working on the “Rules for Ore Processing by Cyanidation” (Docket 58-0113-1901) in response to a request by the Idaho Mining Association to improve these rules, holding negotiated rulemaking meetings in 2019 and 2020. Both dockets will be introduced in the 2021 legislative session. Negotiated rulemaking for the “Rules for the Design and Construction of Phosphogypsum Stacks” (Docket 58-0119-2001) was initiated during FY 2020 in response to House Bill 367, which was signed by the governor on March 9, 2020. This docket may be introduced in the 2022 legislative session.

FY 2020 Performance Highlights

Air Quality—In 2016, Volkswagen agreed to settle a lawsuit alleging it manufactured diesel cars sold and operated with systems intended to defeat emission tests. As a Volkswagen Settlement Beneficiary, the State of Idaho is eligible to request \$17.3 million dollars from the Volkswagen Settlement Fund for projects under Eligible Mitigation Actions, which include a vehicle replacement program (VRP) and an electric vehicle supply equipment

program (EVSE). Through the VW Trust, DEQ has completed two VRP application periods, the 2019 and 2020 VRPs. DEQ received \$8 million dollars in settlement funding requests in the 2019 VRP to replace 132 diesel vehicles, of which \$1.4 million in rebates have been paid in FY 2020 toward 35 heavy duty diesel vehicle replacements. The 2020 VRP application period closed on June 1, 2020; DEQ received 29 applications requesting \$8.3 million in rebate requests to replace 95 diesel vehicles. DEQ has also approved three applications for funding toward four electric vehicle-charging stations and currently has another four applications under review. DEQ works closely with the Office of Energy and Mineral Resources on the electric vehicle supply equipment portion of the settlement.

Water Quality—DEQ issued its largest Drinking Water State Revolving Fund loan in the program's history to the City of Lewiston for \$43,000,000. DEQ also issued emergency funds to two small communities to make repairs to their system to remove unforeseen risks to public health. In addition, EPA issued two awards to DEQ for our innovative funding and focus on sustainability and public health protection. The first award was the use of the Clean Water State Revolving Fund to assist the Boise School District with a forgivable loan to replace 1,597 old lead faucets in 20 schools with lead-free water-efficient fixtures. This project helped reduce lead exposure in drinking water for students and saved an estimated 1.7 million gallons of water per year. The second award was for the Drinking Water State Revolving Fund Lead Abatement Program, which has funded nearly \$1.5 million since 2017 to replace piping and fixtures for several communities throughout Idaho.

Waste Management and Remediation—In 2021, DEQ will assume responsibility for operating the newly upgraded Central Treatment Plant at the Bunker Hill Superfund Site in Kellogg, Idaho. The plant will remove metals in mine water discharge from the Bunker Hill Mine and contaminated ground water from beneath the historic Bunker Hill central tailings impoundment. The new system will treat up to 5,000 gallons per minute of contaminated water. The completed treatment plant and ground water collection system is expected to capture nearly 30% of the total dissolved zinc load in the Upper Basin and to provide significant water quality improvement in the South Fork Coeur d'Alene River.

Part II – Performance Measures

DEQ's target performance measures are used to track and report progress in meeting the overall agency goal of protecting public health and the environment. These targets were chosen because each tracks measurable agency actions and reflects an actual environmental or public health outcome or result. Each performance measure is revisited annually through the strategic planning process to ensure its continued relevance.

Goals and Performance Measures

We successfully completed several objectives that improved air quality, prioritized impaired waters, and identified new, existing contaminated sites. As a result, the Air Quality, Water Quality, and Waste Management and Remediation Divisions developed new objectives for the next fiscal year. FY 2021 targets are provided in the Goals and Performance Measures table.

Performance Measure 1—The target of zero days is based on 11 days in unhealthy range in FY 2019. This performance measure is determined by any single air monitor reaching unhealthy, which is identified as *red* on the Air Quality Index (AQI) scale. If multiple air monitors reach unhealthy air quality levels on the same day, it still counts as 1 day. A vast majority of measured unhealthy days can result from exceptional events such as wildfire and dust.

Performance Measure 2—Derived from DEQ's 2016 Integrated Report, this performance measure compares the number of river and stream miles that support beneficial uses to the number of assessed river and stream miles.

Performance Measure 3—The target of 211 sites is a 10% reduction in the current 234 open contaminated sites (2,893 total known contaminated sites). This performance measure includes leaking underground storage tanks and general remediation sites. Contaminated site closure is complete when contaminant concentrations meet acceptable risk-based or other approved criteria through assessment or remediation activities. This performance measure excludes sites under the Comprehensive Environmental Response, Compensation, and Liability Act

(Superfund), including mega sites, such as the Idaho National Laboratory and Bunker Hill, Department of Defense cleanup sites, hazardous waste sites, and solid waste facilities.

Performance Measure 4—This performance measure is based on wastewater reuse applications, IPDES applications, drinking water and wastewater plan and specification submittals, air quality permit applications, and hazardous waste permit applications.

Performance Measure 5—This performance measure is based on 5-year averages across programs. Each program measures compliance differently. IPDES is excluded this year because the program does not have a full year of data to report. Annual updates will be made to the benchmark.

Performance Measure 6—This performance measure includes air quality permits to construct, wastewater reuse and IPDES permits, and hazardous waste permits. With startup of the IPDES Program, DEQ will inherit a permit backlog that will require 1-to-2 permit cycles (5–10 years) to meet the national goal of 90% current permits.

Performance Measure 7—Continuous improvement is a long-term approach to systematically target and incrementally change processes to improve efficiency and quality within the agency. Using the kaizen philosophy and a lean process focus, DEQ will examine our processes in detail and determine output improvements. All staff are encouraged to suggest and implement changes that create continuous improvement within the regions and across the agency.

Goals and Performance Measures						
Performance Measure		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Goal 1						
<i>Make recognizable and measurable environmental improvements</i>						
1. Reduce number of unhealthy days based on the Air Quality Index (AQI) throughout the state	actual	-----	25 days	11 days	2 days	-----
	target	n/a ^a	n/a ^a	0 days	0 days	0 days
2. Increase the percentage of assessed rivers and streams supporting beneficial uses	actual	-----	33%	33%	33%	-----
	target	n/a ^a	n/a ^a	35%	35%	35%
3. Reduce the number of known contaminated sites	actual	-----	275 sites	237 sites	234 sites	-----
	target	n/a ^a	n/a ^a	247 sites	213 sites	211 sites
Goal 2						
<i>Provide first-class customer service as a trusted source for environmental leadership</i>						
4. Increase the percentage of complete permit applications and facility plan and specification submittal packages on initial submittal	actual	-----	46%	71%	45%	-----
	target	n/a ^a	n/a ^a	82%	82%	82%
5. Increase the compliance rate of inspected facilities	actual	-----	73%	82% ^b	80%	-----
	target	n/a ^a	n/a ^a	82%	82%	82%
Goal 3						
<i>Foster a culture of continuous improvement</i>						
6. Increase the percentage of permits issued before deadline	actual	-----	67%	88%	80%	-----
	target	n/a ^a	n/a ^a	81%	81%	81%
7. Conduct 50 lean improvement projects per year	actual	-----	-----	2 events	6 projects	-----
	target	n/a ^a	n/a ^a	1 event	50 projects	50 projects

a. In 2018, DEQ developed all new goals and performance measures, and data are not available.

b. IPDES is excluded this year because the program does not have a full year of data to report.

Performance Analysis—Over past fiscal years, DEQ has met or exceeded a majority of its performance measurement targets. In the coming year, DEQ will continue to make action-based progress with updated performance measures and objectives. Along with meeting new performance measures, DEQ is faced with the additional challenges as described below:

Air Quality (Performance Measure 1)—When DEQ developed new performance measures in 2017, the measure to reduce the number of unhealthy air quality days was based on the AQI scale during the calendar year. For CY 2017 the number was 25 days. On further review and to ensure consistency with other performance measures, DEQ changed this measure from calendar year to state fiscal year and continues to report on a state fiscal year basis.

Reducing the number of unhealthy air quality days based on the AQI is a reasonable measure to report; however, DEQ's success in meeting this measure is subject to the whim of wildfires and weather. From spring through fall, wildfire smoke can have a significant impact on the AQI. In FY 2020, DEQ reported 2 days in the unhealthy range, which were not the result of wildfires or dust events. These events were localized issues in St. Maries on October 30, 2019, and in Idaho City on December 11, 2019, and likely due to residential wood heating and/or open burning. Looking back, DEQ has seen an improvement in the number of unhealthy AQI readings recorded, but we have also seen a decrease in wildfire activity. In FY 2019, there were 11 days recorded, but 10 days were attributed to wildfire smoke. In FY 2018, there were 17 days recorded, and 16 days were also attributed to wildfire smoke. Recently, we have seen a small reprieve from wildfires that is reflected in our air quality data to date, but it may not always remain this way.

Water Quality (Performance Measure 2)—In FY 2020, DEQ assumed delegated authority for individual nonmunicipal IPDES-permitted facilities, bringing the total number of permitted facilities under DEQ authority to 145. DEQ continues to inherit administratively continued permits from EPA resulting in a lower amount of permits being issued before the deadline. DEQ strives to meet the performance goal of reissuing permits prior to their expiration. FY 2020 we saw a nearly 10-fold increase in the number of IPDES permits drafted and issued. This will continue to improve as staff gain experience and standard operating procedures are designed to increase efficiency and improve throughput.

DEQ has improved technical and compliance assistance to facilities permitted under IPDES and reuse permits by providing routine review of monitoring reports and the ability to respond quickly when a potential issue is identified. This results in fewer facilities having violations identified at the time of inspection or having violations compile over time without being addressed. Fewer violations means an improved rate of compliance.

Waste Management and Remediation (Performance Measure 3)—The number of contaminated sites identified under performance measure 3 is decreasing. However, there continues to be a number of new contaminated sites identified each year, and this results in slower progress made in reducing the overall number of contaminated sites. For example, during FY 2020, there were 126 sites closed, but 123 new sites were identified, which is a net reduction of only three sites overall for the fiscal year. This trend will likely continue as the overall number of contaminated sites reaches an asymptotic level. Some sites are not necessarily new (recent) releases but are newly identified or previously unaccounted for sites not previously included in the contaminated sites inventory.

Agency-Wide Goals (Performance Measures 4, 5, and 6)—Beginning in mid-March 2020, DEQ temporarily halted certain routine inspections as regulated facilities and the state dealt with the COVID-19 pandemic and its impacts to facility operations and the availability of both DEQ inspector and facility staff to accommodate routine inspections. Routine inspections were resumed in early June 2020 according to an internal standard operating procedure, *Procedures for Routine Inspections During COVID-19*. Certain essential inspections, such as complaints, continued during the pandemic. In April 2020, an addendum to the DEQ Health and Safety Plan was created to address employee exposure to COVID-19 while traveling and performing essential fieldwork activities. Inspectors follow this addendum and other safety protocols while conducting inspections.

On April 8, 2020, DEQ issued the guidance, *COVID-19 Regulatory Flexibility and Compliance Assistance*, outlining DEQ's approach to regulatory requirements and expectations of regulated facilities during the pandemic. Under this guidance, regulated facilities could request postponing certain activities and requirements due to

impacts related to the pandemic, subject to DEQ approval, but were still required to ensure protection of human health and the environment. This regulatory flexibility allowed by the guidance is still in effect.

Some programs within the Waste Management Division are challenged to develop timely outreach materials and to conduct outreach activities (e.g., workshops) that improve compliance rates of regulated facilities under performance measure 5. In addition, over the last couple of years, as new regulations were implemented for the underground storage tank and hazardous waste programs, the annual compliance rates have decreased under measure 5. Identifying specific compliance issues and providing education and outreach to regulated facilities on those compliance issues, as well as conducting general outreach should help increase overall compliance as measured under performance measure 5.

Lean Improvement (Performance Measure 7)—Forty-four lean improvement projects were scheduled this year, and five training projects were completed. Currently, 39 training projects are underway.

- **Measurement**—We counted projects submitted as a part of individual employees' completion of Lean Practitioner training. During strategic planning in June, other projects were suggested by senior management, but they were not counted because they were not submitted as a part of the training process. The other issue is our process for tracking projects did not communicate to employees who had not taken the training that they could submit project ideas. We corrected this problem by providing a continuous improvement project submission form on the intranet.
- **Project life cycles**—Project ideas submitted often required more extensive data collection and faced more difficult implementation barriers than was assumed when the strategic plan goal was established. Many projects are still in various stages of completion but have not yet been fully achieved due to the time needed to collect and analyze data and implement solutions.
- **COVID**—We have not hosted any Lean Practitioner training events since the beginning of March. A second round of Lean Champion training was scheduled that would have delivered a minimum of 10 additional completed projects by June 30, 2020, and would have created a visual management and strategic implementation team to assist with projects that were currently underway.
- **Miscellaneous barriers to project completion**—Feedback received as part of the Lean Practitioner trainings identified a number of barriers to project implementation that could not be addressed in the short term, including resource and time constraints and interpersonal conflicts.

The Air Quality Division completed one lean improvement project for the Air Information Management System (AIMS) software application. A contractor evaluated the division's permitting, enforcement, and compliance software application to assist in determining how to rebuild the application and improve its function. The evaluation identified process flow and pinch points for improvement.

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Environmental Quality, Department of

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FY 2020 Actual Expenditures by Division

			FTP	PC	OE	CO	T/B	LS	Total
0.30	FY 2020 Original Appropriation								
0225-03	Gen		168.45	16,820,100	4,056,500	331,900	1,368,100	0	22,576,600
0186-00	Ded		19.80	1,530,500	183,700	3,400	40,000	0	1,757,600
0191-00	Ded		18.60	1,521,300	553,900	5,000	0	0	2,080,200
0200-00	Ded		1.00	100,200	21,500	1,700	0	0	123,400
0201-01	Ded		0.50	31,000	76,600	0	150,500	0	258,100
0201-02	Ded		5.25	446,400	283,600	0	0	0	730,000
0201-04	Ded		0.00	54,500	285,500	0	0	0	340,000
0225-05	Ded		22.70	1,941,000	7,445,900	6,700	103,400	0	9,497,000
0226-00	Ded		4.00	294,100	54,200	0	0	0	348,300
0227-00	Ded		3.00	440,600	97,200	0	0	0	537,800
0511-00	Ded		0.45	48,900	932,400	0	300,000	0	1,281,300
0225-02	Fed		145.25	11,971,900	11,218,000	108,400	5,587,000	0	28,885,300
Totals:			389.00	35,200,500	25,209,000	457,100	7,549,000	0	68,415,600
0.41	Prior Year Reappropriation								
0225-05	Ded		0.00	0	0	0	300,000	0	300,000
Totals:			0.00	0	0	0	300,000	0	300,000
0.43	Supplementals								
0201-01	Ded		0.00	120,000	0	0	0	0	120,000
0225-02	Fed		0.00	(120,000)	0	0	0	0	(120,000)
Totals:			0.00	0	0	0	0	0	0
0.44	Rescissions								
0225-03	Gen		0.00	(32,700)	0	0	0	0	(32,700)
0186-00	Ded		0.00	(2,900)	0	0	0	0	(2,900)
0191-00	Ded		0.00	(3,000)	0	0	0	0	(3,000)
0200-00	Ded		0.00	(200)	0	0	0	0	(200)
0201-01	Ded		0.00	(100)	0	0	0	0	(100)
0201-02	Ded		0.00	(900)	0	0	0	0	(900)
0201-04	Ded		0.00	(100)	0	0	0	0	(100)
0225-05	Ded		0.00	(6,000)	0	0	0	0	(6,000)
0226-00	Ded		0.00	(500)	0	0	0	0	(500)
0227-00	Ded		0.00	(900)	0	0	0	0	(900)
0511-00	Ded		0.00	(100)	0	0	0	0	(100)
0225-02	Fed		0.00	(21,200)	0	0	0	0	(21,200)
Totals:			0.00	(68,600)	0	0	0	0	(68,600)
0.45	Omnibus Decisions								
0225-03	Gen		0.00	(60,000)	(56,000)	(104,600)	0	0	(220,600)
Totals:			0.00	(60,000)	(56,000)	(104,600)	0	0	(220,600)

Environmental Quality, Department of

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FY 2020 Actual Expenditures by Division

			FTP	PC	OE	CO	T/B	LS	Total
1.00	FY 2020 Total Appropriation								
	0225-03	Gen	168.45	16,727,400	4,000,500	227,300	1,368,100	0	22,323,300
	0186-00	Ded	19.80	1,527,600	183,700	3,400	40,000	0	1,754,700
	0191-00	Ded	18.60	1,518,300	553,900	5,000	0	0	2,077,200
	0200-00	Ded	1.00	100,000	21,500	1,700	0	0	123,200
	0201-01	Ded	0.50	150,900	76,600	0	150,500	0	378,000
	0201-02	Ded	5.25	445,500	283,600	0	0	0	729,100
	0201-04	Ded	0.00	54,400	285,500	0	0	0	339,900
	0225-05	Ded	22.70	1,935,000	7,445,900	6,700	403,400	0	9,791,000
	0226-00	Ded	4.00	293,600	54,200	0	0	0	347,800
	0227-00	Ded	3.00	439,700	97,200	0	0	0	536,900
	0511-00	Ded	0.45	48,800	932,400	0	300,000	0	1,281,200
	0225-02	Fed	145.25	11,830,700	11,218,000	108,400	5,587,000	0	28,744,100
	Totals:		389.00	35,071,900	25,153,000	352,500	7,849,000	0	68,426,400
1.21	Net Object Transfer								
	0225-03	Gen	0.00	(518,000)	780,700	93,400	(356,100)	0	0
	0186-00	Ded	0.00	(15,000)	(3,200)	0	18,200	0	0
	0191-00	Ded	0.00	(24,200)	23,400	800	0	0	0
	0201-02	Ded	0.00	0	(185,000)	0	185,000	0	0
	0225-05	Ded	0.00	(100)	(509,000)	0	509,100	0	0
	0225-02	Fed	0.00	(51,700)	(1,132,300)	1,000	1,183,000	0	0
	Totals:		0.00	(609,000)	(1,025,400)	95,200	1,539,200	0	0
1.31	Net Transfer Between Programs								
	0225-03	Gen	0.00	0	0	0	0	0	0
	0191-00	Ded	0.00	0	0	0	0	0	0
	0225-05	Ded	0.00	0	0	0	0	0	0
	0225-02	Fed	0.00	0	0	0	0	0	0
	Totals:		0.00	0	0	0	0	0	0
1.41	Receipt to Appropriation								
	0225-05	Ded	0.00	0	0	4,100	0	0	4,100
	Totals:		0.00	0	0	4,100	0	0	4,100
1.61	Reverted Appropriation								
	0225-03	Gen	0.00	(70,800)	(2,000)	(1,300)	(14,500)	0	(88,600)
	0186-00	Ded	0.00	(320,300)	(22,000)	(500)	(100)	0	(342,900)
	0191-00	Ded	0.00	(97,200)	(70,800)	(100)	0	0	(168,100)
	0200-00	Ded	0.00	(99,300)	(21,500)	(1,700)	0	0	(122,500)
	0201-01	Ded	0.00	(112,300)	(73,900)	0	(77,200)	0	(263,400)
	0201-02	Ded	0.00	(328,300)	(78,800)	0	(22,000)	0	(429,100)
	0201-04	Ded	0.00	(1,900)	(174,100)	0	0	0	(176,000)
	0225-05	Ded	0.00	(334,900)	(6,019,400)	(4,100)	(49,800)	0	(6,408,200)
	0226-00	Ded	0.00	(132,600)	(25,600)	0	0	0	(158,200)
	0227-00	Ded	0.00	(429,000)	(96,000)	0	0	0	(525,000)
	0511-00	Ded	0.00	(18,400)	(133,000)	0	(143,300)	0	(294,700)
	0225-02	Fed	0.00	(1,136,500)	(5,012,400)	(28,800)	(1,094,700)	0	(7,272,400)
	Totals:		0.00	(3,081,500)	(11,729,500)	(36,500)	(1,401,600)	0	(16,249,100)

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FY 2020 Actual Expenditures by Division

			FTP	PC	OE	CO	T/B	LS	Total
1.62	Reverted Appropriation								
0225-03	Gen		0.00	0	(131,400)	0	(100,000)	0	(231,400)
Totals:			0.00	0	(131,400)	0	(100,000)	0	(231,400)
1.71	Current Year Reappropriation								
0225-05	Ded		0.00	0	0	0	(363,000)	0	(363,000)
Totals:			0.00	0	0	0	(363,000)	0	(363,000)
2.00	FY 2020 Actual Expenditures								
0225-03	Gen	168.45		16,138,600	4,647,800	319,400	897,500	0	22,003,300
	Department of Environmental Quality (General)			16,138,600	4,647,800	319,400	897,500	0	22,003,300
0186-00	Ded	19.80		1,192,300	158,500	2,900	58,100	0	1,411,800
	Air Quality Permitting			1,192,300	158,500	2,900	58,100	0	1,411,800
0191-00	Ded	18.60		1,396,900	506,500	5,700	0	0	1,909,100
	Public Water System Supervision			1,396,900	506,500	5,700	0	0	1,909,100
0200-00	Ded	1.00		700	0	0	0	0	700
	Water Pollution Control			700	0	0	0	0	700
0201-01	Ded	0.50		38,600	2,700	0	73,300	0	114,600
	Environmental Remediation (Box)			38,600	2,700	0	73,300	0	114,600
0201-02	Ded	5.25		117,200	19,800	0	163,000	0	300,000
	Environmental Remediation (Basin)			117,200	19,800	0	163,000	0	300,000
0201-04	Ded	0.00		52,500	111,400	0	0	0	163,900
	Environmental Remediation (Triumph)			52,500	111,400	0	0	0	163,900
0225-05	Ded	22.70		1,600,000	917,500	6,700	499,700	0	3,023,900
	Department of Environmental Quality (Receipts)			1,600,000	917,500	6,700	499,700	0	3,023,900
0226-00	Ded	4.00		161,000	28,600	0	0	0	189,600
	Idaho Underground Storage Tank Program			161,000	28,600	0	0	0	189,600
0227-00	Ded	3.00		10,700	1,200	0	0	0	11,900
	IPDES Program			10,700	1,200	0	0	0	11,900
0511-00	Ded	0.45		30,400	799,400	0	156,700	0	986,500
	Bunker Hill Trust			30,400	799,400	0	156,700	0	986,500
0225-02	Fed	145.25		10,642,500	5,073,300	80,600	5,675,300	0	21,471,700
	Department of Environmental Quality (Federal)			10,642,500	5,073,300	80,600	5,675,300	0	21,471,700
Totals:			389.00	31,381,400	12,266,700	415,300	7,523,600	0	51,587,000

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FY 2020 Actual Expenditures by Division

		FTP	PC	OE	CO	T/B	LS	Total
Difference: Actual Expenditures minus Total Appropriation								
0225-03	Gen		(588,800)	647,300	92,100	(470,600)	0	(320,000)
Department of Environmental Quality (General)			(3.5%)	16.2%	40.5%	(34.4%)	N/A	(1.4%)
0186-00	Ded		(335,300)	(25,200)	(500)	18,100	0	(342,900)
Air Quality Permitting			(21.9%)	(13.7%)	(14.7%)	45.3%	N/A	(19.5%)
0191-00	Ded		(121,400)	(47,400)	700	0	0	(168,100)
Public Water System Supervision			(8.0%)	(8.6%)	14.0%	N/A	N/A	(8.1%)
0200-00	Ded		(99,300)	(21,500)	(1,700)	0	0	(122,500)
Water Pollution Control			(99.3%)	(100.0%)	(100.0%)	N/A	N/A	(99.4%)
0201-01	Ded		(112,300)	(73,900)	0	(77,200)	0	(263,400)
Environmental Remediation (Box)			(74.4%)	(96.5%)	N/A	(51.3%)	N/A	(69.7%)
0201-02	Ded		(328,300)	(263,800)	0	163,000	0	(429,100)
Environmental Remediation (Basin)			(73.7%)	(93.0%)	N/A	N/A	N/A	(58.9%)
0201-04	Ded		(1,900)	(174,100)	0	0	0	(176,000)
Environmental Remediation (Triumph Mine)			(3.5%)	(61.0%)	N/A	N/A	N/A	(51.8%)
0225-05	Ded		(335,000)	(6,528,400)	0	96,300	0	(6,767,100)
Department of Environmental Quality (Receipts)			(17.3%)	(87.7%)	0.0%	23.9%	N/A	(69.1%)
0226-00	Ded		(132,600)	(25,600)	0	0	0	(158,200)
Idaho Underground Storage Tank Program			(45.2%)	(47.2%)	N/A	N/A	N/A	(45.5%)
0227-00	Ded		(429,000)	(96,000)	0	0	0	(525,000)
IPDES Program			(97.6%)	(98.8%)	N/A	N/A	N/A	(97.8%)
0511-00	Ded		(18,400)	(133,000)	0	(143,300)	0	(294,700)
Bunker Hill Trust			(37.7%)	(14.3%)	N/A	(47.8%)	N/A	(23.0%)
0225-02	Fed		(1,188,200)	(6,144,700)	(27,800)	88,300	0	(7,272,400)
Department of Environmental Quality (Federal)			(10.0%)	(54.8%)	(25.6%)	1.6%	N/A	(25.3%)
Difference From Total Approp			(3,690,500)	(12,886,300)	62,800	(325,400)	0	(16,839,400)
Percent Diff From Total Approp			(10.5%)	(51.2%)	17.8%	(4.1%)	N/A	(24.6%)

Department of Environmental Quality

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2021 Original Appropriation	379.00	22,215,700	66,660,700	379.00	22,215,700	66,660,700
Reappropriation	0.00	0	363,000	0.00	0	363,000
1. IPDES Funding	0.00	0	311,300	0.00	0	311,300
2. Budget Realignment	0.00	0	0	0.00	0	0
5. Building Idaho's Future	0.00	0	0	0.00	9,181,700	9,181,700
Cash Transfers & Adjustments	0.00	0	0	0.00	(9,181,700)	(9,181,700)
FY 2021 Total Appropriation	379.00	22,215,700	67,335,000	379.00	22,215,700	67,335,000
Executive Holdback	0.00	(1,110,800)	(1,110,800)	0.00	(1,110,800)	(1,110,800)
Noncognizable Funds and Transfers	0.00	0	0	0.00	0	0
FY 2021 Estimated Expenditures	379.00	21,104,900	66,224,200	379.00	21,104,900	66,224,200
Removal of Onetime Expenditures	(3.00)	(212,800)	(2,626,500)	(3.00)	(212,800)	(2,626,500)
Base Adjustments	0.00	0	0	0.00	0	0
Restore Rescissions	3.00	1,110,800	1,110,800	3.00	1,110,800	1,110,800
FY 2022 Base	379.00	22,002,900	64,708,500	379.00	22,002,900	64,708,500
Benefit Costs	0.00	340,300	689,000	0.00	62,500	126,800
Statewide Cost Allocation	0.00	19,700	66,500	0.00	19,700	66,500
Change in Employee Compensation	0.00	150,100	307,700	0.00	303,400	620,600
FY 2022 Program Maintenance	379.00	22,513,000	65,771,700	379.00	22,388,500	65,522,400
1. Bunker Hill CTP	0.00	0	2,119,600	0.00	0	2,119,600
2. WPCF Transfer to Triumph Fund	0.00	0	1,500,000	0.00	0	1,500,000
3. Triumph Mine Clean Up	0.00	0	560,200	0.00	0	560,200
4. Triumph Mine Tunnel Closure	0.00	0	980,400	0.00	0	980,400
5. CdA Lake Study	0.00	0	573,200	0.00	0	573,200
Cash Transfers	0.00	0	(1,500,000)	0.00	0	(1,500,000)
Budget Law Exemptions and Adjustments	0.00	0	0	0.00	0	0
FY 2022 Total	379.00	22,513,000	70,005,100	379.00	22,388,500	69,755,800
Change from Original Appropriation	0.00	297,300	3,344,400	0.00	172,800	3,095,100
% Change from Original Appropriation		1.3%	5.0%		0.8%	4.6%

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2021 Original Appropriation					
The Legislature funded 12 line items for FY 2021: These included a shift of 1.00 FTP and \$102,600 from the Water Pollution Control Fund to the General Fund; 3.00 FTP and \$281,500 shifted from federal funds to the General Fund to support the Title V program; \$500,000 for the initial stages of managing the Central Treatment Plant; \$407,500 for remediation costs at the Triumph Mine; \$2,000,000 for the Coeur d'Alene Restoration Partnership; a shift of 7.00 FTP and \$567,100 from the General Fund to the Idaho Pollution Discharge Elimination System Fund; a \$1,500,000 cash transfer from the Water Pollution Control Fund to the Environmental Remediation (Basin) Fund; a shift of 1.25 FTP and \$120,000 from federal funds to the Environmental Remediation (Box) Fund for work at the Kellogg Superfund Site; a shift of \$384,000 from operating expenditures to personnel costs to realign federal and dedicated expenditures; \$763,700 for Small and Disadvantaged Community Grants; \$50,000 from the General Fund for the Bear Lake Regional Commission; and consolidation of IT services into the Office of Information Technology Services.					
	379.00	22,215,700	15,699,800	28,745,200	66,660,700

Reappropriation

Water Quality

The department was authorized through S1403 of 2020 to reappropriate up to \$500,000 of any unencumbered and unexpended General Fund appropriation balance for **Agricultural Best Management Practices** from FY 2020 into FY 2021. Carryover required legislative approval, and is removed as a onetime expenditure before calculating the next year's base. While the funding was originally appropriated from the General Fund, it was transferred to the department's dedicated fund to be expended in FY 2020. This reappropriation shows the funding as part of the dedicated fund for tracking purposes and for reconciling total statewide General Fund expenditures, although the General Fund is still the source of funding.

Agency Request	0.00	0	363,000	0	363,000
Governor's Recommendation	0.00	0	363,000	0	363,000

1. IPDES Funding

Administration and Support Services, Water Quality

The department requests a onetime supplemental appropriation of \$311,300 from the Idaho Pollution Discharge Elimination System (IPDES) Fund to replace a portion of the 5% General Fund holdback removed via the memorandum issued by Governor Little on May 13, 2020. This request is split between the Water Quality Program, with \$10,400 in operating expenditures and \$229,600 in personnel costs for a total of \$240,000, and the Administration and Support Services Program with \$71,300 in personnel costs. The department identified these onetime funds to pay salaries for three scientist positions to prevent layoffs or decreased services and maintain primacy over the National Pollution Discharge Elimination System. An indirect rate is negotiated annually with the Environmental Protection Agency for administrative overhead for the IPDES Program; for FY 2021 it is 31.04%, which multiplied by the personnel costs requested in the Water Quality Program provides the total amount requested in the Administration and Support Services Program. The operating expenditures are requested in the Water Quality Program for travel, training, membership in the Association of Idaho Cities, and publishing the IPDES administrative bulletin.

Agency Request	0.00	0	311,300	0	311,300
Governor's Recommendation	0.00	0	311,300	0	311,300

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
2. Budget Realignment		Administration and Support Services, Water Quality			
The department requests a supplemental General Fund program shift of 2.00 FTP and \$248,900 from the Water Quality Division to the Administration and Support Services Budgeted Program. Of this request, \$145,400 is in personnel costs that would pay the salary and benefits of a communications and outreach manager and an administrative assistant, and \$103,500 is in operating expenditures for IT support. Some administrative costs are currently budgeted in a specific program, but as part of a department-wide internal budget review, programmatic expenses that provide services to the entire agency are being moved to the Administration and Support Services Program. Internal budgeting allocated these costs from the Water Quality Program to the Administration and Support Services Program, however, the appropriation was still in the Water Quality Program and required annual transfers. This request would align the spending with the appropriation for administrative costs and leave program specific expenses in the appropriate budgeted program.					
Agency Request	0.00	0	0	0	0
Recommended by the Governor.					
Governor's Recommendation	0.00	0	0	0	0
5. Building Idaho's Future		Water Quality			
Agency Request	0.00	0	0	0	0
The Governor recommends two onetime General Fund cash transfers of \$8,181,700 to the Water Pollution Control Fund (WPCF) and \$1,000,000 to the Agricultural Best Management Practices Fund (Ag BMP Fund). The funding transferred to the WPCF would support 18 proposed public drinking water and wastewater systems in communities that serve fewer than 5,500 people. The department plans to bring forth legislation to create the Agricultural Best Management Practices Fund in the 2021 legislative session. The funding in that fund would focus on nonpoint source projects to improve water quality in waterbodies across the state.					
Governor's Recommendation	0.00	9,181,700	0	0	9,181,700
Cash Transfers & Adjustments					
Agency Request	0.00	0	0	0	0
This decision unit is a revenue adjustment for the cash transfer from the General Fund to the Water Pollution Control Fund and the Agricultural Best Management Practices Fund.					
Governor's Recommendation	0.00	(9,181,700)	0	0	(9,181,700)
FY 2021 Total Appropriation					
Agency Request	379.00	22,215,700	16,374,100	28,745,200	67,335,000
Governor's Recommendation	379.00	22,215,700	16,374,100	28,745,200	67,335,000
Executive Holdback					
This adjustment reflects a 5% temporary reduction in General Fund spending authority (holdback) for FY 2021 issued through Executive Order No. 2020-14. This reduction is restored as a base adjustment in FY 2022, below.					
Agency Request	0.00	(1,110,800)	0	0	(1,110,800)
Governor's Recommendation	0.00	(1,110,800)	0	0	(1,110,800)
Noncognizable Funds and Transfers					
The department requests a net-zero shift of 7.00 FTP among funds to account for the actual distribution of FTP by fund across the agency.					
Agency Request	0.00	0	0	0	0
Recommended by the Governor.					
Governor's Recommendation	0.00	0	0	0	0
FY 2021 Estimated Expenditures					
Agency Request	379.00	21,104,900	16,374,100	28,745,200	66,224,200
Governor's Recommendation	379.00	21,104,900	16,374,100	28,745,200	66,224,200

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Removal of Onetime Expenditures					
This decision unit removes onetime costs appropriated in FY 2021 including: the temporary shift to the Idaho Pollution Discharge Elimination System Fund requested in the first supplemental request; \$103,200 for replacement items; \$500,000 for the initial operating costs for the Bunker Hill Central Treatment Plant; \$407,500 for the FY 2021 Triumph Mine remediation work; \$763,700 for the Small and Disadvantaged Community Grant; and funding for the Governor's technology initiatives.					
Agency Request	(3.00)	(212,800)	(1,984,500)	(429,200)	(2,626,500)
Governor's Recommendation	(3.00)	(212,800)	(1,984,500)	(429,200)	(2,626,500)

Base Adjustments

The department requests a shift of \$2.3 million from the General Fund in the Administration and Support Services Program from operating expenditures to capital outlay per the Governmental Accounting Standards Board (GASB) Statement 87 guidance to move capitalized leases to capital outlay. These are ongoing dollars, and will not be removed from the base annually.

In the Air Quality Program, a shift from operating expenditures to trustee and benefit payments of **\$1.2 million in federal funds** is requested to pass through and award grants for air quality improvement programs. Also in this budgeted program, the department requested a \$23,000 shift from operating expenditures to trustee and benefit payments in the Air Quality Permitting Fund for a contract with Boise State University to provide outreach for the Title V Program.

The department requests multiple net-zero transfers between budgeted programs to adjust the appropriation as part of a continued department-wide attempt to realign the budget with historical actual expenditures. Annually, the department requests numerous transfers of appropriation between programs and object classes at year-end from the Division of Financial Management and the Board of Examiners. In the second year of efforts to reduce the use of year-end transfers the department requests moving expenditures that serve the whole department to the Administration and Support Services Program. The department anticipates that further adjustments in future budget requests may be necessary to more closely align the base budget and expenditures.

Transfers to more closely align base spending include: \$55,000 in personnel costs and \$215,000 in operating expenditures from the General Fund shifted from the Water Quality Program to the Administration and Support Services Program; \$90,000 in personnel costs from the Public Water System Supervision Fund shifted from the Administration and Support Services Program to the Water Quality Program; \$120,600 from the General Fund and \$83,000 in federal fund operating expenditures shifted from the Water Quality Program to the Administration and Support Services Program to account for costs paid to the Office of IT Services; a transfer of \$13,000 in General Fund personnel costs from the Waste Management and Remediation Program to the Coeur d'Alene Basin Commission Program; \$70,000 in personnel costs from dedicated receipts transferred from the Waste Management and Remediation Program to the Water Quality Program; and 2.00 FTP and personnel costs including \$200,000 from the General Fund, \$10,000 from the Environmental Remediation (Box) Fund, \$14,100 from the Environmental Remediation (Basin) Fund, and \$7,000 from the Bunker Hill Trust Fund to be moved from the Waste Management and Remediation Program to the Administration and Support Services Program.

Agency Request	0.00	0	0	0	0
<i>Recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0

Restore Rescissions

This adjustment restores the 5% General Fund holdback removed as a current year expenditure adjustment, above. This decision unit also restores the 3.00 FTP to the General Fund that were shifted to the Idaho Pollution Discharge Elimination System Fund to accommodate the holdback.

Agency Request	3.00	1,110,800	0	0	1,110,800
Governor's Recommendation	3.00	1,110,800	0	0	1,110,800

Department of Environmental Quality

Analyst: Sepich

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2022 Base					
Agency Request	379.00	22,002,900	14,389,600	28,316,000	64,708,500
Governor's Recommendation	379.00	22,002,900	14,389,600	28,316,000	64,708,500

Benefit Costs

Employer-paid benefit changes include an 11% increase (or \$1,280 per eligible FTP) for health insurance, bringing the total appropriation to \$12,930 per FTP. Also included is a restoration of the unemployment insurance rate, a partial restoration of the unused sick leave rate, and adjustments to workers' compensation that vary by agency.

Agency Request	0.00	340,300	121,800	226,900	689,000
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The Governor recommends no increase for health insurance due to fewer claims than expected and a one-year holiday for employers who contribute to the PERSI-managed sick leave plan.

Governor's Recommendation	0.00	62,500	22,600	41,700	126,800
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Statewide Cost Allocation

This request includes adjustments to recover the cost of services provided by other agencies in accordance with federal and state guidelines on cost allocation. Attorney General fees will decrease by \$37,400, risk management costs will increase by \$6,700, State Controller fees will increase by \$4,100, State Treasurer fees will decrease by \$500, and Office of Information Technology Services billings will increase by \$93,600, for a net increase of \$66,500.

Agency Request	0.00	19,700	14,200	32,600	66,500
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Governor's Recommendation	0.00	19,700	14,200	32,600	66,500
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Change in Employee Compensation

For calculation purposes, agencies were directed to include the cost of a 1% salary increase for permanent and temporary employees.

Agency Request	0.00	150,100	56,400	101,200	307,700
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The Governor recommends a 2% increase in employee compensation, distributed on merit. He does not recommend a compensation increase for group and temporary positions. The Governor recommends the pay structure for state employees be moved by 2% and includes \$14,500 for that purpose.

Governor's Recommendation	0.00	303,400	113,400	203,800	620,600
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FY 2022 Program Maintenance					
Agency Request	379.00	22,513,000	14,582,000	28,676,700	65,771,700
Governor's Recommendation	379.00	22,388,500	14,539,800	28,594,100	65,522,400

Department of Environmental Quality

Analyst: Sepich

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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1. Bunker Hill CTP

Admin. & Support Services, Waste Mgmt. and Remediation

The department requests \$82,600 in personnel costs and \$2,037,000 in operating expenditures, for a total of \$2,119,600 from the Bunker Hill Trust Fund to assume management and operations of the Central Treatment Plant (CTP). Of the request, \$19,600 is for indirect costs in the Administration and Support Services Program, with the remainder in the Waste Management and Remediation Program. The personnel costs would fund a portion of staff already working in the Kellogg Office to oversee the CTP and associated administrative overhead, while the operating expenditures would be split between two cost centers: contracted daily operations including personnel, site management, and coordination (\$1,012,000); and CTP utilities, treatment chemicals, and laboratory analysis (\$1,025,000). Water from the mine has been collected and treated by the Environmental Protection Agency (EPA) since mining operations at the Bunker Hill Mine stopped in 1983. The collection and treatment of water at the Central Impoundment Area (CIA) is a newly implemented action that the EPA expended \$50 million updating in early 2020. These newly finished updates to the CTP allow it to treat mine water and ground water contaminated with lead, zinc, arsenic, and cadmium that would otherwise pollute the South Fork of the Coeur d'Alene River. Additional treatment of the groundwater and the upgraded plant technology is expected to improve water quality. Funding for future CTP operations was established as part of a 2011 settlement with the Hecla Mining Company when funds were placed in a court registry account. In 2014, the department, EPA, and Coeur d'Alene Tribe signed a memorandum of agreement (MOA) that established the Bunker Hill Water Treatment Endowment Fund, managed by the Idaho Endowment Fund Investment Board. Per the MOA, the department will assume control of operations of the CTP from the EPA on June 1, 2021, and will be responsible for operations and maintenance in perpetuity. DEQ is responsible if moneys are available in the Bunker Hill Endowment Fund, which was valued at \$74,562,500 as of June 30, 2020.

Agency Request	0.00	0	2,119,600	0	2,119,600
Governor's Recommendation	0.00	0	2,119,600	0	2,119,600

2. WPCF Transfer to Triumph Fund

Waste Management and Remediation

The department requests a onetime transfer of \$1.5 million from the Water Pollution Control Fund to the Environmental Remediation (Triumph Mine) Fund to provide for remediation at the Triumph Mine. The department annually requests a transfer of \$1.5 million to build a balance in the Environmental Remediation (Basin) Fund to act as the state's 10% match to Superfund cleanup projects in the Coeur d'Alene Basin, and to pay the majority of the operating costs to maintain those projects. For FY 2020, however, the department temporarily delayed the Basin Fund transfer and instead used this funding for a decade of work at the Triumph Mine. The department anticipates utilizing the entirety of the FY 2020 transfer in a shorter duration, and is therefore requesting a similar temporary transfer in FY 2022. Additional inspections have shown that, without additional actions, the tunnel risks collapse as the ground support installed in 2001 has degraded, and the metal supports have rusted through completely in places. Collapses in the tunnel risk impounding mine water which may collect and release contaminated water through springs in the surrounding area.

The original remediation actions began in 1998 and finished in 2004, including removing contaminated soil and tailings, installation of a plug 1,175 feet inside the mine to prevent discharge of mine-contaminated water, piping contaminated water to settling ponds, and installing a second plug 235 feet inside the mine. After the mine owner (Asarco Mining Company) filed for bankruptcy in 2005, the remediation and continued inspections of the mine fell directly to the department and the Idaho Department of Lands.

Agency Request	0.00	0	1,500,000	0	1,500,000
Governor's Recommendation	0.00	0	1,500,000	0	1,500,000

Department of Environmental Quality

Analyst: Sepich

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
3. Triumph Mine Clean Up Admin & Support Services, Waste Mgmt. and Remediation					
<p>The department requests \$74,400 in personnel costs and \$485,800 in operating expenditures for a total ongoing appropriation from the Environmental Remediation (Triumph Mine) Fund of \$560,200 for remedial actions at the Triumph Mine. The requested actions required under the 2018 settlement agreement with the Idaho Conservation League (ICL) include construction of a mine water discharge basin, monitoring, and ongoing inspections. Of the request, \$17,600 is for indirect costs in the Administration and Support Services Program, with the remainder in the Waste Management and Remediation Program. In FY 2020, \$1.5 million was transferred from the Water Pollution Control Fund to the Environmental Remediation (Triumph Mine) Fund to build a fund balance to remove contaminants, maintain operations, and inspect the Triumph Mine property. A similar transfer is also requested for FY 2022 as seen in line item 2. An inspection on June 12, 2018, found a collapsed tunnel wall 135 feet from the entrance, causing mine-contaminated water to pool, and creating the potential for contaminants to flow approximately 500 feet to the East Fork of the Big Wood River. The FY 2020 appropriation for the Triumph Mine included \$340,000 for expenses related to ongoing operations, maintenance, monitoring, and inspection activities. For FY 2021, \$407,500 was appropriated for construction of a mine water management system, inspections, and monitoring. However, based on evaluations performed during FY 2020, construction costs for a mine water collection basin alone are estimated to exceed \$400,000. As such, the department is requesting ongoing funds totaling \$560,200 including: \$406,000 to construct a mine water discharge basin; \$43,000 for monitoring of the discharge basin; \$23,000 for monthly water discharge monitoring required under the 2018 Settlement Agreement with the ICL that required the department have a permit under the Idaho Pollution Discharge Elimination System (IPDES); \$20,000 for bi-annual mine water monitoring; \$42,500 for operations, maintenance, and miscellaneous review measures; and \$25,700 for a contingency reserve.</p>					
Agency Request	0.00	0	560,200	0	560,200
Governor's Recommendation	0.00	0	560,200	0	560,200
4. Triumph Mine Tunnel Closure Admin & Support Services, Waste Mgmt. and Remediation					
<p>The department requests \$54,000 in personnel costs and \$926,400 in operating expenditures for a total ongoing appropriation from the Environmental Remediation (Triumph Mine) Fund of \$980,400 to repair the mine tunnel. Of the request, \$12,800 is for indirect costs in the Administration and Support Services Program, with the remainder in the Waste Management and Remediation Program. The original remediation actions included the installation of a plug 1,175 feet inside the mine to prevent discharge of mine-contaminated water and installation of a second plug 235 feet inside the mine. An inspection on June 12, 2018, found a collapsed tunnel wall 135 feet from the entrance, causing mine-contaminated water to pool, and creating the potential for contaminants to flow approximately 500 feet to the East Fork of the Big Wood River. Further, an inspection of the tunnel after the earthquake located near Stanley on March 31, 2020, found that an additional, larger collapse had occurred. The department contracted with a firm to evaluate the alternatives available for the tunnel and to address water discharging from a spring in an adjacent hillside. The contractor recommended constructing a third plug, 100 feet into the tunnel, with an alternative including the potential need to backfill the portion of the tunnel between the 235-foot and 100-foot plugs to prevent additional collapse. The contractor also recommended constructing an infiltration system to collect contaminated water discharging from the spring in North Star Gulch. The recommended actions are estimated to cost a total of \$2,688,000 including: \$568,000 if backfill is required between the two newest plugs; \$302,000 for rehabilitating the tunnel to allow safe construction and inspections; \$1,553,000 for the 100-foot plug; and \$265,000 for the construction of the spring infiltration system. The department anticipates using the appropriation of \$980,400 for the following actions: \$314,000 for rehabilitation of the tunnel to allow safe access; \$94,000 for technical investigations of the North Star Gulch Spring; \$262,000 for a technical investigation for tunnel remedies; \$150,000 for design of the tunnel remedy; and \$160,400 for a contingency reserve.</p>					
Agency Request	0.00	0	980,400	0	980,400
Governor's Recommendation	0.00	0	980,400	0	980,400

Department of Environmental Quality

Analyst: Sepich

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
5. CdA Lake Study					Waste Management and Remediation
<p>The department requests \$573,200 from the Environmental Remediation (Basin) Fund to commission the National Academies of Sciences, Engineering, and Medicine (NAS) to study the health of Coeur d'Alene Lake and provide recommendations to address issues of concern. The study is expected to take 23 months and cost \$775,600, split between FY 2021 and FY 2022. The department anticipates covering the FY 2021 costs out of the base appropriation as the Kootenai County Board of Commissioners voted on August 25, 2020, to contribute \$200,000 toward the NAS Study. Historical mining activities in the Silver Valley led to millions of tons of lake sediments being contaminated by zinc, cadmium, and lead. Since the implementation of the Clean Water Act, concentrations of these heavy metals have declined. However, development in the basin and additional nutrient loading of phosphorous and nitrogen in the lake could cause a reaction releasing the metals bound to lake sediments. The Record of Decision for Operable Unit 3 of the Bunker Hill Superfund Site prescribed remedial actions upstream of Coeur d'Alene Lake but it did not select a remedy to address contaminated sediments already present at the bottom of the lake. The state of Idaho and the Coeur d'Alene Tribe have since developed and implemented a Lake Management Plan to address nutrient loads in an effort to maintain adequate oxygen levels in the lake's water column and prevent the heavy metals from releasing. Phase 1 of the study will assess if the lake is at risk of going anoxic and releasing toxic metals. Included in this analysis would be an evaluation of the water quality in the basin, contemplation of the impacts of summertime anoxia, investigation of the impact of zinc in preventing algal growth, estimation of whether metals would be released if current trends continue, and determination of the human and ecological impact of metal release in the lake. Phase 2 of the study would determine the implications of various recommendations for management actions after Phase 1 has been completed.</p>					
Agency Request	0.00	0	573,200	0	573,200
Governor's Recommendation	0.00	0	573,200	0	573,200

Department of Environmental Quality

Analyst: Sepich

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Cash Transfers			Water Quality, Waste Management and Remediation		

The department requests a cash transfer from the General Fund to a dedicated fund being proposed in germane legislation for funding Agricultural Best Management Practices (BMPs). The Legislature started the voluntary Agricultural BMP program in FY 2018 with a \$500,000 ongoing General Fund appropriation. Starting in FY 2019, the department requested legislative carryover (or reappropriation) for the portions of the annual appropriation that it was unable to expend within the fiscal year. These projects follow a federal program that is on a three-year funding cycle, which involves agricultural producers submitting applications in the early spring prior to the start of the fiscal year. Applications are then reviewed by the department for accuracy and omission before being provided to the appropriate Basin Advisory Group (BAGs) for prioritization and recommendations. After the BAGs prioritize projects, the department develops and issues contracts with the goal of issuance in July of the fiscal year that the department receives funding. After the contracts are issued, the producer must complete the work outlined in the contract with the department only reimbursing after the projects have been completed. The producers who apply must complete their work around their own planting, growing, and harvesting seasons and many projects are weather-dependent. As a result, the department has struggled to reimburse costs in the same fiscal year that funding is allocated, creating a situation of rolling carryover. This request and the associated legislation to create the dedicated fund would eliminate the need for reappropriation and instead begin an annual transfer process, similar to the transfer of funding into the Environmental Remediation (Basin) Fund. A portion of the ongoing General Fund appropriation would be transferred to the continuously appropriated dedicated fund for which the department is bringing forth legislation. The department currently has an ongoing \$279,000 General Fund appropriation for Agricultural BMPs, and a portion of the FY 2021 appropriation may be transferred in addition to the FY 2022 appropriation.

The department also requests that the \$1.5 million requested from the Water Pollution Control Fund in line item 2 be transferred to the Environmental Remediation (Basin) Fund. The following language reflects the cash transfers as requested. If approved, the language below will be included in the appropriation bill.

CASH TRANSFER. Of the amount appropriated to the Department of Environmental Quality in Section 1 of this act for the Water Quality Program from the General Fund for trustee and benefit payments, the State Controller shall transfer \$279,000 to the Agricultural Best Management Practices Fund on July 1, 2021, or as soon thereafter as practicable for the period July 1, 2021, through June 30, 2022, to be used for voluntary statewide agricultural best management practices.

CASH TRANSFER. There is hereby appropriated to the Department of Environmental Quality and the State Controller shall transfer \$1,500,000 from the Water Pollution Control Fund to the Environmental Remediation (Triumph Mine) Fund, through installments or as practicable for the period July 1, 2021, through June 30, 2022, for Triumph Mine remediation.

Agency Request	0.00	0	(1,500,000)	0	(1,500,000)
Governor's Recommendation	0.00	0	(1,500,000)	0	(1,500,000)

Budget Law Exemptions and Adjustments Waste Management and Remediation

The department requests the following language be included in its FY 2022 appropriation bill:

REMEDIATION PROJECT REPORTING REQUIREMENTS. Moneys deposited into the Environmental Remediation (Basin) Fund are to be used for remediation of the Coeur d'Alene Basin in accordance with the Superfund contract with the Environmental Protection Agency. The Department of Environmental Quality shall file an annual report with the Governor, the Legislature, and the Coeur d'Alene Basin Environmental Improvement Project Commission on the remediation progress and the expenditures involved.

USES OF THE WATER POLLUTION CONTROL FUND. The appropriation of moneys from the Water Pollution Control Fund in this act specifically supersedes the provisions of Section 39-3630, Idaho Code.

Agency Request	0.00	0	0	0	0
Recommended by the Governor.					
Governor's Recommendation	0.00	0	0	0	0

Department of Environmental Quality

Analyst: Sepich

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2022 Total					
Agency Request	379.00	22,513,000	18,815,400	28,676,700	70,005,100
Governor's Recommendation	379.00	22,388,500	18,773,200	28,594,100	69,755,800
Agency Request					
Change from Original App	0.00	297,300	3,115,600	(68,500)	3,344,400
% Change from Original App	0.0%	1.3%	19.8%	(0.2%)	5.0%
Governor's Recommendation					
Change from Original App	0.00	172,800	3,073,400	(151,100)	3,095,100
% Change from Original App	0.0%	0.8%	19.6%	(0.5%)	4.6%